

Mayor and Council Communication

DATE: 05/19/20

M&C FILE NUMBER: M&C 20-0345

LOG NAME: 60TRADITION OFFSITE NS3 WATER LINE

SUBJECT

Authorize Execution of a Community Facilities Agreement with HT HWY 114 Development LP with City Participation in an Amount Not to Exceed \$5,911,959.00 for Oversizing Water Mains in the Vicinity West of FM 156 and Highway 114 to Serve Tradition Central Development and Anticipated Future Growth in North Fort Worth, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt, and Adopt Appropriation Ordinance (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of a Community Facilities Agreement with HT HWY 114 Development LP with City Participation in an amount not to exceed \$5,911,959.00, for oversizing water mains in the vicinity west of FM 156 and SH 114 to serve Tradition Central Development and anticipated future growth in north Fort Worth (City Project Number 102240);
2. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt for CFA-Tradition Offsite Water Line NS3 project; and
3. Adopt the attached Appropriation Ordinance increasing appropriations in the Water & Sewer Capital Project 2020A Fund in the amount of \$5,911,959.00 from available funds, to fund the CFA-Tradition Offsite Water Line NS 3 project.

DISCUSSION:

HT HWY 114 Development LP (Developer) is constructing the Tradition Central Development (Development) located north of Highway 114 and west of Interstate 35W on FM 156. The Water Department would like to cost participate in the construction to: oversize a proposed 30-inch water main to a 36-inch water main approximately 9545 linear feet; oversize a proposed 24-inch water main to a 36-inch water main approximately 10,430 linear feet to SH 114; and to oversize a 12-inch water main to a 16-inch water main approximately 2,070 linear feet. Additional, to these oversizing of water main, the City will also cost participate for the pressure plane valve at 100%, which is requested by City for transfer water between pressure planes and not related to oversizing. The oversized water mains will serve the Tradition Central Development and anticipated future growth in north Fort Worth.

Tradition Offsite Water line NS3 project assigned City Project No. 102240 Accela System Record IPRC19-0164.

Construction of the water mains will be publicly bid. Public Bid opens on May 14th, 2020. The City's cost participation in the construction and oversizing of the water mains is estimated to be in an amount not to exceed \$5,911,959.00 as shown in the table below:

A. Water Line Construction	Developer Cost	City Cost	Total Cost
1. Water	\$5,745,174.00	\$4,925,695.00	\$10,670,869.00
2. Sewer	\$0	\$0	\$0
Contingency 20%	\$1,149,035.00	\$985,139.00	\$2,134,174.00
Construction Fees			
B. Inspection Fee	\$85,015.00	\$980.00	\$85,995.00
C. Material Testing Fee	\$16,490.00	\$145.00	\$16,635.00
Total Project Cost *	\$6,995,714.00	\$5,911,959.00	\$12,907,673.00

The reimbursement of the participation, excluding inspection and material testing fees, is not a lump-sum amount and may be less than the stated amount depending upon the actual quantities and unit prices from the Notice of Final Completion package, commonly referred to as the Green Sheet package.

This project is anticipated to be included in a future revenue bond issue for the Water and Sewer Fund. Available cash within the Water and Sewer portfolio and the City's portfolio along with the appropriation authority authorized under the Callable Commercial Paper Program (CP) will be used to provide interim financing for this this project until debt is issued. To the extent resources other than the Water and Sewer portfolio are used to provide interim financing, the Water and Sewer Fund will be charged interest that is equivalent to the overall rate of return being earned by the City portfolio (currently approximately 2.3 percent annually). Should the City's portfolio not support the liquidity needed to provide an interim short-term

financing source, another funding source will be required, which could mean issuance of securities under the CP Program or earlier issuance of Water and Sewer revenue bonds than is currently planned. Once debt associated with this project is sold, bond proceeds will be used to reimburse the Water and Sewer portfolio and the City's portfolio in accordance with the attached Reimbursement Resolution.

The City Council approved the Water Department's Fiscal Year 2020-2024 Five Year Capital Improvement Plan on September 17, 2019. This City Council adopted plan includes this specific project, with funding identified through the CP program to be reimbursed with future revenue bonds. In accordance with the provisions of the Financial Management Policy Statement, Staff anticipates presenting revenue-supported debt issuances to the City Council for consideration within the next three years. This debt must be issued within approximately three years to provide reimbursement for these expenses. If that does not occur, the costs will no longer be reimbursable by issuing tax-exempt debt and the funding source will have to be made whole through budgetary methods. Adoption of this resolution does not obligate the City to sell bonds, but preserves the ability to reimburse the City from tax-exempt bond proceeds.

This development is located in Council District 7.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the Water and Sewer Capital Project 2020A (WS Capital Project 2020A) Fund Tradition NS3 Offsite Project. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: Dana Burghdoff 8018

Originating Business Unit Head: Chris Harder 5020

Additional Information Contact: Soon Wong 8369